

## *Industrial Development Bond Programs*

Creditworthy companies seeking to finance industrial and commercial facilities can obtain long-term financing at favorable interest rates and terms through the Virginia Small Business Financing Authority's (VSBFA) Industrial Development Bond Programs.

**Tax-Exempt Industrial Development Bonds (IDBs):** Available for the acquisition, construction or expansion of manufacturing facilities statewide. Also available for "exempt" projects, such as solid waste disposal facilities.

**Taxable Industrial Development Bonds:** Available for non-manufacturing projects and other projects ineligible for tax-exempt financing.

### **Eligible Borrowers:**

**Tax-Exempt Bonds:** Restricted to manufacturing facilities and qualifying "exempt" facilities only and must meet federal code requirements for eligibility.

**Taxable Bonds:** Not restricted by federal regulations. Projects financed should be owner occupied and create new employment opportunities.

### **Fees:**

Application fee of \$1,000

Annual fee of one-tenth of one-percent of the outstanding principal amount of the bond.

### **Amount:**

**Tax-Exempt Bonds:** Maximum bond amount is \$10 million and the availability of bonds is subject to state bond volume caps. The capital expenditures for the project, when added to the company's capital expenditures in the same jurisdiction as the project for the three years immediately preceding and three years following the closing of the financing of the project, cannot exceed \$20,000,000.

**Taxable Bonds:** Minimum project size is \$750,000 and there is no maximum project size.

## **BENEFITS OF THE BOND PROGRAMS:**

### **Tax-Exempt Industrial Development Bond Program**

- Sub-prime pricing: Since interest earned on the bonds is exempt from federal and state income taxes, interest rates are lower than those available through conventional financing.
- Long-term financing: Average maturity of up to 120% of the economic life of the assets being financed.
- Up to 100% project financing: Able to finance many of the ancillary costs of the project, including site preparation, capitalized interest during construction and some issuance costs.

### **Taxable Industrial Development Bond Program**

- Favorable interest rates since interest earned is exempt from state income taxes.
- Long-term financing with maturities based on the economic life of the assets financed.
- Fixed and floating rate options are available through the placement agent of the borrower's choice.

For additional information and application materials, please call 804-371-8254.

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